



Department of  
**HUMAN SERVICES**

## **STATE OF IOWA**

### **IOWA DEPARTMENT OF HUMAN SERVICES DIVISION OF IOWA MEDICAID SERVICES**

Instructions for the Medicaid Financial and Statistical Report (cost report) for  
Psychiatric Medical Institutions for Children (PMIC) Services

### **GENERAL INSTRUCTIONS**

These instructions are for use by PMIC providers certified as Medicaid providers by the State of Iowa, Department of Human Services (DHS), Division of Iowa Medicaid Services (IME) for purposes of a PMIC rate study. Participation in the study is voluntary.

**Forms and Information.** Completed cost reports are to be submitted in an electronic format using the State approved Excel template for the applicable year. The Excel template is available from the Iowa Department of Human Services, Division of Iowa Medicaid Services website <http://dhs.iowa.gov/ime/providers/forms> and by selecting PMIC Cost Report. The PMIC cost report form number is 470-0664 (Rev 1/2020). Older versions of the PMIC cost report will not be accepted for purposes of the rate study.

PMIC providers shall complete a cost report for their most recently completed fiscal year end, for the period ended June 30, 2019 or the period ended December 31, 2019.

The completed excel cost report and any supporting documents, including the agency trial balance, should be emailed securely to the rate setting contractor at [costaudit@dhs.state.ia.us](mailto:costaudit@dhs.state.ia.us).

A signed copy of the Certification Statement (page 1 of the cost report) with an original ink signature must also be mailed to the rate setting contractor prior to the due date.

Iowa Medicaid Enterprise  
Attn: Provider Cost Audit  
P.O. Box 36450  
Des Moines, Iowa 50315

**Refer to Criteria - Instructions Are Not Comprehensive.** These instructions are not intended to be comprehensive. Providers should rely on the criteria as well as other relevant rules and regulations, including Center for Medicare and Medicaid Services (CMS) Publication 15-1 and generally accepted accounting principles (GAAP).

**Records:** Contractors must maintain sufficient financial and statistical records in an easily auditable format to document the validity of the cost reports submitted to IME. This may include, but is not limited to, financial ledgers, payroll records, bank statements, invoices, program and census data, FTE counts, meal counts, square footage floor plans, time studies and space usage studies, loan agreements, financial statements or audit reports, capital asset schedules including information to calculate depreciation on a straight line method, units of services, board of directors meeting minutes, and expense allocation schedules.

## Instructions for Certification Page

**Agency Name and Address:** Indicate the exact name of the agency as it appears on the state license. The physical address must be completed.

**National Provider Identified (NPI):** Enter the ten-digit NPI number, taxonomy, and nine-digit zip code used to identify the agency for Medicaid purposes. The incorrect reporting of the information can delay the review process.

**Report Period:** Indicate the beginning and ending dates of the cost report period as MM/DD/YYYY.

**Date of Fiscal Year End:** Enter the ending month for the agency's financial fiscal year.

**Administrator Name:** Indicate the name of the administrator and contact information. Complete email and phone number fields.

**Independent Audit:** Use the drop down menu to indicate if a certified public accounting firm performed an audit of the agency financial statements. Indicate the audit period end date for the most recently completed financial audit and forward a copy of the latest audit report to the Provider Cost Audit and Rate Setting Unit. If not yet complete, indicate the expected completion date of the audit for the current cost report period.

**Type of Control:** Use the drop down menu to indicate the ownership or organization type under which the agency is operated.

**Accounting Basis for Financial Reporting:** Use the drop down menu to indicate the accounting basis for agency financial records.

- Accrual: Recording revenue when earned and expense when incurred.
- Modified Cash: Combination of cash and accrual methods of accounting.
- Cash: Recording revenue when received and expenses when paid.

**Accounting Basis for Cost Report:** Use the drop down menu to indicate the basis used to complete this cost report.

- Accrual: Recording revenue when earned and expenses when incurred.
- Modified Cash: Combination of cash and accrual methods of accounting.
- Cash: Recording revenue when received and expenses when paid.

**Certification Statement:** After adequate review of the completed form, an authorized officer of the agency must sign the certification statement and provide contact information. Review of the cost report may not be finalized without an ink signature on the certification page (fax, scan, and copy are not acceptable).

**Statement of Preparer:** If a paid preparer is utilized to complete the forms, the name, company name, and contact information of the preparer must also be reported.

**Person to Contact with Cost Report Questions:** Indicate who should be contacted with questions related to the data in the cost report. Complete all contact information fields.

## Instructions for Statistical Data Page

**Item 1 – Service Code:** This shows the applicable Medicaid PMIC services. This is prepopulated and cannot be altered. PMIC Enhanced Services consist of services provided through an IME Exception to Policy Enhanced Rate or a Medicaid MCO Single Case Agreement. This column may not be applicable to all PMIC providers.

**Item 2 – Type of Unit:** This indicates the specific unit type for each service. This is prepopulated and cannot be altered.

**Item 3 - Total number of units of service provided:** This is a calculated field which sums units entered on line 4.

**Item 4 - Unit Detail:** Enter the number of units provided for each listed payer, including Iowa Medicaid Fee for Service, Medicaid Managed Care Organizations and other payers. All services must be like-kind services. Reported units should include all units of service which were provided but not yet paid or for which payment is no longer anticipated.

**Item 5: Mileage Reimbursement:** If mileage expense is reported on Schedule D lines 3210, provide the following:

- **Agency Mileage Reimbursement Rate:** Report the rate your agency pays per mile to employees for business use of an employee's personal vehicle.
- **Total Agency Miles Reimbursed:** Report the total number of miles reimbursed by the agency. These miles correlate to mileage reimbursement expense reported on Schedule D, Line 3210, Column 1.
- **PMIC Miles Reimbursed:** Report the total number of miles reimbursed by the agency specific to the provision of PMIC services. These miles correlate to mileage reimbursement expense reported on Schedule D, Line 3210, in the PMIC and Enhanced PMIC Columns.

## Instructions for Schedule A: Revenue Report

The purpose of *Schedule A: Revenue Report* is to report total agency income and show detailed income from specific services and programs. Report all revenues, including revenue from programs other than PMIC, in the *Total Revenue* column. The *Revenue for Sch D Expense Deduction* column indicates revenue amounts that should be used to reduce expenses on Schedule D. Carry these amounts to Schedule D.

Revenue categories are provided on the schedule for the most common sources. If additional categories are necessary, use the Support Schedule tab to provide additional detail.

Revenues are separated into three classifications for purposes of completing this report:

**Fee for service:** Report income revenue earned as a result of performing services to or for members. The fees might be paid by third parties on behalf of members for whom services were performed.

**Service, Reimbursement or Investment Income:** Report revenues from, but not limited to:

- The sale of products or work service contracts,
- Food reimbursements from the Department of Education,
- Investment income that is not from restricted or appropriated contributions and is held separate and not commingled with other funds, and
- Rental Income.

Additional other income items may be applicable. If so, identify them accordingly on the provided blank lines and submit an accompanying support schedule or provide detail on the Support Schedule tab.

**Contributions:** Report contributions received by the agency. Use the Support Schedule tab to report contributions and designation by the agency.

No private moneys contributed to the agency shall be included in the Department's reimbursement rate determination, unless the monies are contributed for services provided to specific individuals for whom the reimbursement rate is established by the Department as follows:

- **Restricted or Appropriated.** Include funds which are either appropriated by the provider through formal board action or restricted by the donor. This includes interest from the contribution, when this interest is also restricted or appropriated, and is held separate, nor commingled with other funds.
- **Not Restricted or Appropriated.** Include funds which are not appropriated or designated by the provider through board action or restriction by the donor.
- **Government Grants.** Include grant income from government sources. Use the Support Schedule tab to identify the source of funding, the purpose and the period of the grant, and the program to which each grant pertains.

Expenses incurred for activities funded through government grants shall be reported as Other Programs expense on Schedule D or awarded amounts should be used to offset grant funded expenses, dependent upon the facts and circumstances of each grant. If a government grant is related to costs not shown as PMIC the grant income will not be used in rate determination.

Contributions that are restricted for capital expenditures, designated to fund service operating deficits or non-reimbursable costs, or provided to fund a required operating reserve are not required to be deducted from service expenses on Schedule D.

**Revenue for Sch. D Expense Deduction Column:** Include revenues which are required to reduce related costs on Schedule D. Revenue which is required to be offset should be entered in both the Schedule A *Total Revenue* column and also in the Schedule A *Revenue Offset Against Expense on Sch. D* column.

Revenue offsets should **never** be reported in the “*Excluded Costs*” column of Schedule D. Revenue offset amounts should be reported only at the bottom Schedule D on the four specific lines for revenue offsets. These Schedule D lines require the revenue offset amounts be allocated between the PMIC service columns and the Other Program Cost column so that the revenue offset is reported consistently with the reporting of related expenses.

Income which must be offset against service cost includes, but is not limited to:

- **Expense reimbursements.**
- **Investment Income:** Realized investment/interest income is required to be offset against interest expense reported on Schedule D. Unrealized investment losses cannot reduce investment income or be onset as cost. Realized investment losses cannot be onset as cost.
- **Rental Income:** When non-program revenue is generated, offset the associated revenue against rent/lease expense, depreciation, and other related property expense.
- **Restricted Contributions:** Offset related expenses if a contribution is restricted to a specific individual.
- **Government Grants:** Offset related expenses subsidized by the funds received from the government grant.
- **Miscellaneous Revenue:** Requires offset against related expense on Schedule D.

## Instructions for Schedule B: Staff Gross Salary and Staff Numbers

The purpose of *Schedule B: Staff Gross Salary and Staff Numbers* is to report the number of staff, FTEs, and wages by job duty.

**Job Classifications (Titles):** All personnel must be separated into the following job classifications based on the duties performed:

- 2110 Administrative
- 2120 Professional Care
- 2130 Direct Client Care
- 2150 Clerical
- 2190 Other Staff

For each job classification, enter specific job titles or group of similar positions on the provided lines. If more than six lines are required for a job classification, enter “*See Support Schedule*” on one of the lines and use Schedule B to report summary data and the Support Schedule tab to report detail. All contracted staff should be reported separately for each job classification.

Specific for administrative executive wages, report each FTE individually so that the wage and title for each individual FTE is clearly reported. In the example below, each FTE is reported separately. Although two FTEs share the same title (the two Directors), their information is not combined. While individual titles are required, individual names are not.

CEO	1 FTE	\$xx,xxx
CFO	1 FTE	\$xx,xxx
Director 1	1 FTE	\$xx,xxx
Director 2	1 FTE	\$xx,xxx

**Number of Staff:** Enter the number of people working full time or part time during the period in the applicable columns. Also include the combined total FTEs.

**Gross Salaries and Wages:** Enter the gross salaries and wages for all full-time and part-time staff for each job duty. Make sure Gross Salaries and Wages correspond with the respective salary lines on Schedule D Column 1 (lines 2110 – 2190). In the electronic version of the cost report form, this link is automatic.

## **Instructions for Schedule C: Property and Equipment Depreciation**

This schedule is not required. Instead, submit an agency Asset Depreciation Schedule along with the cost report submission.

## Instructions for Schedule D: Expense Report

The purpose of *Schedule D: Expense Report* is to report total agency expenses and assign or allocate those expenses to the various services provided by the agency. The allocation of costs per service includes all costs for the agency and should be consistent with the costs included on the general ledger.

Report the total cost of operation for all programs and services the agency provides, as opposed to reporting only the costs of PMIC services. The inclusion of all agency costs on this schedule is required so that:

- The allocation or apportionment of costs to all services and programs of the agency may be observed together as one overall calculation.
- Consistency in the cost assignments and allocations can be reviewed from one fiscal period to the next.

The line numbers for expenses are not intended to be an all-inclusive list of provider expenses. The number system used on this schedule is not important, other than to have a basis of identifying expenses in a manner that is uniform for reporting purposes.

### **Column Descriptions:**

- **Gross Total Expense (Column 1):** Report all expenses incurred by the agency. This column should reconcile to the agency's audited financial statements, general ledger, or trial balance. Any difference between the amounts shown in this column and the agency's financial documentation must be disclosed in a Support Schedule.
  - Amounts on Lines 2110, 2120, 2130, 2150 and 2190 populate from Schedule B.
- **Excluded Costs (Column 2):** Report any adjustments necessary to exclude non-reimbursable expenses. This column may also be used to reclassify expenses from one line to another. Report amounts as a positive number, and provide supporting explanation for any reclassifications on the Supporting Schedule tab.

This column should not include any revenue offset amounts from Schedule A as all revenue offsets are required to be reported on the bottom of Schedule D. If Schedule A reports revenue that relates to a non-reimbursable expense reported on Schedule D, a revenue offset is not necessary as the expense amount should be reported in Column 3, effectively removing the expense from the cost.

Examples of non-reimbursable costs include, but are not limited to:

- Fundraising Expenses
  - The difference between book depreciation expense and straight-line depreciation expense.
  - Expenses not related to member care (i.e. personal expenses).
  - Mileage reimbursement expense in excess of the state mileage reimbursement rate.
  - Bad debt
  - Income Taxes
  - Some expenses paid to related parties
- **Adjusted Costs (Column 3):** This column shows costs that are allowable and allocable to PMIC programs, other programs and indirect costs. This column is a calculated field



equal to Total Expense (Column 1) less Excluded Costs (Column 2) and cannot be edited.

- **Direct PMIC Service Costs (Columns 4 & 5):** Report direct costs for each applicable PMIC service, as applicable. Report expenses for all services provided, including services funded through Iowa Medicaid FFS, Iowa Medicaid Managed Care Organizations or Other payor of like-kind services.

For the purposes of Schedule D, “direct” service expense includes any direct expense of the service as well as the applicable portion of allocated expenses.

- **Other Program Costs (Column 6):** Report the consolidated direct costs and the applicable portion of allocated expenses of all other programs and services provided by the agency. Documentation or working papers for costs reported in this column must be maintained, be organized by program or service, and be in an easily audited format. The Iowa Medicaid Enterprise may conduct periodic audits of this information.
- **Indirect Service Costs (Column 7):** This column should include expenses that were incurred in support of all agency operations. These costs will be allocated across all programs and services after all other costs have been apportioned. Indirect service costs after adjustments for Fund Raising and Non-Reimbursable Costs should be shown in this column. Some examples of indirect service costs include, but are not limited to:
  - Receptionist position
  - Office supplies
  - Telephone
  - Rent for administrative office
  - Property or liability insurance

To the extent possible, itemize the indirect service cost column by line item or account. All line items may be used as appropriate to report indirect service costs. All indirect service costs should be shown by line item in column 7 and then allocated in total to the various programs at the bottom of Schedule D.

Each agency is responsible for developing an acceptable method of distributing costs reported in the indirect service cost column to the various programs and supporting its rationale. The standard method for allocating indirect service costs to different programs and services is based on the total of accumulated direct costs for each program or service before the indirect service cost allocation. A formula in the *Allocation of Indirect Service Costs* row at the bottom of Schedule D will allocate costs from the Indirect Service Cost column using the standard method. However, the formula may be edited if an alternate allocation method for indirect service costs is justified. An explanation and supporting information for the alternate method should be reported on the Support Schedule tab.

### **Account Title Descriptions:**

Enter expenses from the agency trial balance on the best available Schedule D line based on the account title presented on Schedule D. Some expenses have been defined below. If the Schedule D account description for a particular is not defined, questions may be directed to the IME Provider Cost Audit and Rate Setting Unit via [costaudit@dhs.state.ia.us](mailto:costaudit@dhs.state.ia.us), Subject: PMIC Cost Report Question.

- **Line 2110 – Line 2190 Salaries:** Report salaries including regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period, consistent with Schedule B.
- **Lines 2210-2290 – Benefits and Lines 2310-2350 – Payroll Taxes:** Report benefit and payroll tax expenses consistent with the allocation of salary expense in Lines 2110 – 2150.
- **Line 2450 – Medical & Psych Services Purchased:** Cost of medical or psychological services purchased from a contracted vendor.
- **Line 2470 Accounting and Auditing:** Costs for services rendered by a contracted vendor for processing payroll, general financial record keeping, preparation of financial statements, tax returns and preparation of cost reports (Medicare, Medicaid, County, etc.). Wages should be reported on Lines 2110, 2150 or 2190 if these functions are completed by employees of the agency.
- **Line 2480 – Attorney’s Fees:** Costs must be for services rendered for legal consultation directly related to patient care in order to be allowable for reimbursement purposes.
- **Line 2490 – Other Non-Medical:** This line is for any miscellaneous professional fees that do not fit the definitions of the lines above. Provide an itemized listing of the reported costs on the Support Schedule tab.
- **Line 2510 – Office Supplies:** Costs related to small, expendable, daily use office supplies.
- **Line 2530 – Medical Supplies:** Cost of medical supplies.
  - The cost of routine medical supplies are customarily used to provide patient care services. Routine supplies are usually not designated for a specific member. The cost of routine medical supplies may be a direct or indirect cost of PMIC services.
  - Costs of non-routine medical supplies are identifiable to individual members and are usually directly billable. Non-routine supplies are usually furnished at the direction of the member’s physician. The cost of non-routine medical supplies should be reported as a direct Other Program cost.
- **Line 2590 – Other Supplies:** This line is for any miscellaneous supply costs that do not fit the definitions of the lines above. Provide an itemized listing of the reported costs on the Support Schedule tab.

- **Line 2890 – Other Occupancy Expense:** This line is for miscellaneous occupancy costs that do not fit the definitions of the other specific Occupancy Expense lines. Provide a list detailing the costs reported on the Support Schedule tab.
- **Line 3210 – Mileage and Auto Rental:** Report staff mileage reimbursement for business use of a personal vehicle and vehicle lease/rent expense. If the expense is related to a specific member or service(s), assign the expense to the specific service(s). If the expense is applicable to all agency functions, report the expense in the indirect service cost column. Mileage expense is limited to the state employee reimbursement rate, currently \$0.39/mile. Any amount reimbursed above the state reimbursement should be reported in the Excluded Cost column.
- **Line 3310 – Staff Development & Training:** Costs of training seminars and courses, such as registration fees, course materials etc.
- **Line 3320 – Annual Meetings & Bus. Conference:** Costs related to association business meetings, limited to individual members of the association who are members of a national affiliate, and costs associated with workshops, symposiums, and meetings which provide administrators or department heads with hourly credits required to comply with continuing education requirements for licensing, are allowable costs.
- **Lines 4410 / 4420 / 4480 – Agency Vehicles, Equipment & Buildings and Leaseholds Depreciation:** Depreciation cost for equipment, vehicles and buildings owned by the agency. An Asset Depreciation Schedule must be submitted to support these expenses.
- **Line 4930 – Misc:** Costs that cannot be accurately reported on other Schedule D defined lines. All miscellaneous expenses must be defined on the Support Schedule tab.
- **Line 5000 – Home Office and Management Fee Expense:** A home office provides essential services, typically administrative in nature. Agencies with a home office must annually provide the name of the home office and complete Schedule G. Home offices must provide a cost statement, including allocations to the individual agencies, providers, or services. The cost statement and allocation calculations should identify specific information about costs on the provider's cost report. All expenses related to the home office should be reported on this line.

Costs incurred by a Home Office directly related to services provided by individual providers which relate to patient care, plus an appropriate share of indirect costs (overhead, rent for home office space, administrative salaries, etc.), are allowable to the extent they are reasonable. Home office costs that are not otherwise allowable costs when incurred directly by the provider cannot be allowable as home office costs to be allocated to providers. An interim fee charged by the home office to an agency must be excluded but may be offset by an allocation of actual and allowable home office cost.

Costs for professional fees paid to a third party management company of an agency should be reported on this line. The agency should have a management agreement to support the costs reported on this line.

## SCHEDULE G – RELATED PARTY DISCLOSURES

**Section A:** Use the drop down menu to indicate if the agency has a home office that provides administrative support. If yes, a Medicare Home Office Cost Report or Home Office Cost Allocation Schedule is required to be submitted with the cost report.

**Section B:** Use the drop down menu to indicate if the agency has a management company. If yes, a copy of the management agreement is required to be submitted with the cost report.

### Section C: Related Party Compensation

**COLUMN 1: Name of individual owners or related party** - Identify any individual or entity having an ownership interest (including a Home Office entity), regardless if the owner receives any compensation or payments.

Where a non-profit operates or has an interest in an entity, the non-profit is considered to have influence over the operations. Any person sitting on the board of directors of the non-profit will be considered an owner.

Where a trust operates or has interest in an entity, the trust is considered to have influence over the operations. Any person designated as a settler or grantor of the trust, a trustee, or a beneficiary of the trust will be considered an owner.

Also, identify any individual receiving compensation that is considered a related party. The following persons are considered related parties for program purposes: (1) husband and wife, (2) natural parent, child and sibling, (3) adopted child and adoptive parent, (4) step-parent, step-child, step-sister, and step-brother, (5) father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, and daughter-in-law, (6) grandparent and grandchild and (7) domestic partners.

**COLUMN 2: Position/Role** – Indicate what position or role the related party has in the agency.

**COLUMN 3: % of Work Week Devoted to Business** - The percent of work week the individual identified in Column 1 devotes to this entity (all programs), based on a work week of 40 hours. Do not put more than 100% if more than 40 hours are worked each week.

**COLUMN 4: Salaries and Wages** - Total amount of wages and salaries paid to the individual identified in Column 1. Items that should be reported are those that are reflected on IRS Form W-2, Wage and Tax Statement, and include, but are not limited to, salaries, wages, and fringe benefits, the cost of assets and services received, and deferred compensation. Fringe benefits shall include, but are not limited to, costs of leave, employee insurance, pensions and unemployment plans. If the agency's fiscal year end does not correlate to the period of the W-2, a reconciliation between the latest issued W-2 and current compensation shall be required to be disclosed to the Iowa Medicaid Enterprise provider cost audit and rate setting unit.

If the wage or salary benefits multiple programs or is paid for multiple job duties, please provide on Supporting Schedule (1) or (2) the method of how the costs are assigned to the various columns or lines. If costs are not directly assigned to a program, costs may be allocated. Costs should be allocated based on accumulated costs. A different allocation methodology can be used if an agency can demonstrate the statistics used are more accurate for that cost. The change should not result in inappropriate shifting of costs. Any allocation method used must be objective and supported by clear and reviewable contemporaneous documentation. Any

statistics used must be made available to the IME Provider Cost Audit and Rate Setting Unit upon request.

**COLUMN 5: Sch D Line number where salaries are reported** - Indicate the Schedule D line number where the related party salaries have been reported.

**COLUMN 6: % Ownership in agency** – Include the percent of ownership attributed to those identified in Column 1. If none, enter 0%.

**COLUMN 7: Type of Relationship** – Indicate whether the related party is an owner or if related to the owner, indicate the relationship to the owner.

Section D: Payments for Services and Supplies to Related Parties

**COLUMN 8: Name of Related Entity or Individual** - Identify any entity that the agency conducts business with that is related through relationship, ownership or control, but not limited to owners and related persons described above.

**COLUMN 9: Type of Service or Supply** - Describe the service or supply that has been obtained by the entity.

**COLUMN 10: Type of Relationship** - Indicate the relationship of the entities, common ownership, common control, family relationship, etc.

**COLUMN 11: Amount of Cost Incurred by Related Party** - Report the amount of cost incurred by the related party entity identified in Column 8.

**COLUMN 12: Amount Paid to Related Party by Agency per Agency GL** - Report the total amount paid to the related entity identified in Column 1 by the agency. This amount should agree to the amount reported on Schedule D, Column 1 of the applicable Schedule D line.

**COLUMN 13: Amount reported on Cost Report** - Report the total amount reported on Schedule D Column 3.

**COLUMN 14: Sch D Line Number Where Expenses are Reported** - Indicate the line number on Schedule D in which the costs to related entity has been reported.

Costs applicable to services or supplies furnished by a related party or organization are a reimbursable cost when included at the lesser of the amount actually paid or the cost to the related party or organization.